

**MINUTES OF WEST HARTFORD PUBLIC HEARING
DECEMBER 9, 2014, LEGISLATIVE CHAMBER
Ordinance Amending 30-8, 30-9, 30-11, and 30-53 and Adding Section 30-55 to the
West Hartford Code of Ordinances**

President Slifka called the Hearing to order at 7:27 p.m.

President Slifka: We're gonna call the 7:20 Public Hearing to order. This is an ordinance amending sections 30-8, 30-9, 30-11, and 30-53 and adding section 30-55 to the West Hartford Code of Ordinances. Could I get a roll call please, Ms. Labrot?

Present were Councilors Chris Barnes, Shari Cantor, Harry Captain, Leon Davidoff, Burke Doar, Denise Hall, Scott Slifka.

Councilors Casperson and Kindall were absent.

President Slifka: Thank you, Ms. Labrot. We have Mr. Ledwith from the administration already up. Welcome, Rick.

Mr. Ledwith: Welcome. Good evening. Um, before you for your consideration and approval are amendments to several sections of our Pension Plan as well as a new section to our Pension Plan. These ordinance changes are the result of collective bargaining that have occurred over the last couple of years and will ultimately yield significant savings to our Pension Plan in the years ahead. These changes we'll discuss tonight have been included in collective bargaining agreements that the council has approved as well as our Board of Education. And these ordinance changes have also been reviewed by our Pension Board. Actually what I'll do is pass around a summary. I also left copies on the back table for members of our audience if they want a copy to follow with. We'll start with changes to Part C of our Pension Plan, which relates to pensions earned by our firefighter personnel. We have amended the Pension Plan for Part C members hired after April 1st of 2014 in two significant ways. First, we decreased the pension multiplier from two-and-a-half percent times their years of service down to two percent times their years of service, and we've also eliminated pension from their defined benefit calculation. I'm sorry, overtime. We've eliminated overtime from the pension—thanks, Ron—from their pension calculation. These two changes account for an approximate 33 to 35 percent reduction in future liabilities for our new hires. In fact, back at the—back when we were negotiating this contract, we had recalculated the, retirements of the past nine firefighter retirements under this new formula, and it resulted in approximately \$320,000 in reduced annual pension reductions, so very significant change in the firefighter contract. We also increased the pension contribution two percentage points over the four years, so it's a half a percent increase in each year over four years. The next set of ordinance changes are related to our Board of Education unions, which include the professional management, custodians, head custodians, paraprofessionals, secretaries, and maintenance unions. For employees hired after various dates, they will now participate in a hybrid plan. The hybrid plan, and this is Part E. This is the new section of the Pension Plan, and we'll refer

to it in the pension ordinance as Part E. The hybrid plan is a unique plan which combines a lower defined benefit plan with a defined contribution plan. New hires would have a defined benefit multiplier of one percent times their years in service versus two percent that existing employees now have. That's a fifty percent reduction in liability. But, we will also maintain the contribution into the defined benefit plan, so folks in the hybrid plan will have that reduced multiplier but continue to contribute to the Pension Plan, maintaining that revenue stream to our asset base. At the same time, new hires would participate in a defined contribution plan where we would match two-and-a-quarter percent of an employee's contribution into the defined contribution plan, so it's part DB, part defined benefit, and part defined contribution. Finally, we have eliminated the Pension Plan completely for new hires in our security union, our cafeteria union, and our nurses union, so new hires in these three unions will now participate solely in defined contribution plan, and we'll match six—up to six percent—dollar-for-dollar up to six percent for their contribution into the defined contribution plan. So that summarizes the changes that relate to our firefighter unions as well as most of our Board of Education unions. We are now, as you know, we are in negotiations with all of our town unions, and, though I can't comment publicly on those negotiations, it's safe for me to say that we would be, hopefully be before you in the next couple of months with several more changes to our Pension Plan. So that summarizes these ordinances. I'd be happy to answer any questions that the council has.

President Slifka: Thank you, Mr. Ledwith. Any questions from the council? Mr. Doar?

Councilor Doar: Thank you, Mr. Mayor. Thank you very much, Rick, for coming and for your efforts, on these matters, which are critical to the town and the long-term welfare of the town residents. On the hybrid plan, you talk about the defined contribution plan design, and currently we have a match of two-and-a-quarter percent. Is that, in terms of, is that, could that change over time if circumstance would warrant, could the town lower that for any reason? What are they—is there any leeway with respect to that? I know in the private sector, companies often have an opportunity to adjust that match if economic conditions warrant that kind of change to the, their different 401K plans. I'm just curious at the municipal level what leeway the town has with respect to that.

Mr. Ledwith: We would, we would have to negotiate those changes through the collective bargaining process, so we could, actually we could negotiate that two-and-a-quarter percent. We could negotiate that one percent on the defined benefit piece of it as well. Those are both subject...

Councilor Doar: Subject to negotiation.

Mr. Ledwith: ...to negotiation.

Councilor Doar: And on the defined contribution plan, which includes, just so I'm clear on this, the nurses, the security union, the cafeteria workers. That encompasses how many current employees today?

Mr. Ledwith: ...our nurses...

Councilor Doar: Roughly.

Mr. Ledwith: ...there's about, eighteen nurses, currently. We've hired a few in the, under this new plan already. We have about eighteen security guards as well, and cafeteria workers we're up at around 50 in the cafeteria union.

Councilor Doar: So that's about a rough, plus or minus about 80 employees.

Mr. Ledwith: Correct.

Councilor Doar: Most of them on the Board of Education side.

Mr. Ledwith: Yep.

Councilor Doar: And they are, they are on the defined contribution plan. That's...

Mr. Ledwith: They're out of the Pension Plan completely. They're in the DC plan. Quite honestly, our cafeteria workers typically didn't work long enough to get a Pension Plan, so it just made sense to put them into a straight DC plan, and the other asset of this plan, with our security guards, it gives us the ability to hire retired West Hartford Police Officers as security officers whereas in the past when we had the Pension Plan, we couldn't do that. We'd have obviously the double-dipping, and just by pension ordinance change, laws alone we couldn't have them collecting a pension and then earning another pension, so, that's a hit with that as well.

Councilor Doar: And then turning to the hybrid plan, same question. The number of affected or employees that are eligible under that plan, you list them out here professional management, custodians, head custodians, paraprofessional secretaries, maintenance, rough number, how many employees does that currently encompass?

Mr. Ledwith: Roughly...250, 300, about 320.

Councilor Doar: And...

Mr. Ledwith: Roughly.

Councilor Doar: The, in each of those two plans, we've heard in the years past the efforts in terms of trying to bring about some sensible reform to our long-term obligations, this thing called spiking. In each of these cases, is the, is this...

Mr. Ledwith: Overtime has been eliminated.

Councilor Doar: ...over...it's been eliminated? Both in the hybrid plan and in the new...

Mr. Ledwith: And in the old...

Councilor Doar: ...defined contribution plan? Okay. Thank you very much.

Mr. Ledwith: You're welcome.

President Slifka: Thank you, Mr. Doar. Mr. Davidoff?

Councilor Davidoff: Uh, thank you, Mr. Mayor. I just want to get a clarification from corporation counsel. The ordinance before us this evening is being amended to reflect the changes that were necessitated by the fact that the council adopted new contracts with each of our bargaining units, and that's the topic before us this evening, is that correct?

Mr. O'Brien: Yes, that's correct.

Councilor: Davidoff: Okay, thank you very much.

President Slifka: Mr. Captain?

Councilor Captain: Thank you, Mr. Mayor. Mr. Ledwith, if you could explain for those people who don't know, those who might be watching, when you talk about non-public safety unions or Board of Education employees and you talk about professional management, could you speak to the people who are certified who are not, could you explain to people who are not a town obligation for pensions, and also identify the people who are listed here as professional management who are a town liability? Thank you.

Mr. Ledwith: I will. And when I say most Board of Education unions, that's Mr. Captain's point exactly is we have our teacher union and our administrators unions, who encompass about 950 employees on the board side who do not participate in the town Pension Plan. They are in the state teachers' retirement system, so we have no pension liability or significant retiree health liability either with either one of those two groups, so the rest of these groups are what we refer to as non-certified employees of the Board of Education, so they are non-teachers, not administrators who are subject to our Pension Plan. Sure.

President Slifka: Ms. Hall?

Councilor Hall: Thank you. And I just also want to thank you, Mr. Ledwith, for all your hard work on all of these contracts. I know it's kept you busy these last few months. Could you just go over the pros and cons of the hybrid plan versus going straight to the defined contribution besides the fact that some of the workers might not be employed long enough for the pension, but just from a monetary standpoint from the town, how does it...?

Mr. Ledwith: I will. That's, yeah, great question. So with the hybrid plan as I outlined, the multiplier reduces from two percent down to one percent, cuts our liability in half for all new hires, and those employees will continue to make a three percent contribution into the Pension Plan, more than offsetting the cost of the Pension Plan with that reduction taking into place, and with the two-and-a-quarter percent match on the defined contribution piece of that, the average defined contribution match in public sector plans around the state of Connecticut is six percent, so that two-and-a-quarter is significantly below that six percent, so the total cost of our hybrid plan is actually less than the total cost of a straight defined contribution plan. But allows us to continue that revenue stream going into the defined benefit plan so new hires continue to contribute to that, building on our asset, and also it provides us with, quite honestly, a unique plan. There's not a lot of these out there around the state or around the country. We think it differentiates us with other public sector organizations around the state and ultimately will hopefully help us recruit differently as well in the future, but there is a significant financial advantage to these plans in our opinion.

Councilor Hall: Thank you, and just, since we're on the subject, are we getting, since it's this time of year where everybody is choosing medical plans and all that, how is our HSA enroll—people doing the high deductible and the HSA?

Mr. Ledwith: So far, firefighters, all of our firefighters went into the high-deductible health plan effective 1/1, so there is no open enrollment for our firefighters. They're all in effective January 1st, and then for, on the school side, we have the high-deductible health plan with our teachers, administrators, actually with most of our contracts now, but our open enrollment on the school side is July 1st, not January 1st. You're welcome.

President Slifka: Thank you, Ms. Hall. Anyone else? Mr. Barnes?

Councilor Barnes: Thank you. Hi, Rick.

Mr. Ledwith: Hey.

Councilor Barnes: Just to follow up on Denise's question with respect to the hybrid plan, and you were talking about how it, you know, it's a better deal for us to do the hybrid plan. My question is, is that, you know, is the advantage a short-term one? So, kind of year-to-year, is it also a long-term advantage? Does it depend at all on market performance, investment performance at all?

Mr. Ledwith: It's, I mean, both of these changes with the firefighters and with the hybrid plan, they're more a long-range savings. A lot of these changes, you know, we're talking fifteen, twenty years. I mean, we'll start to see more employees being hired into these unions, but the real bang for the buck won't be seen for several years down the road, 'cause we're hiring someone in now or we've hired them over the last year or two, and

they're not gonna receive, they're not gonna retire for twenty-five, thirty years, so it's more of a long-term savings than it is a short-term.

Councilor Barnes: All right, thank you. And then just to clarify on the defined contribution plan for the nurses, the security and cafeteria workers, that applies to just to new hires...

Mr. Ledwith: Correct.

Councilor Barnes: ...and not the previously employed.

Mr. Ledwith: Correct.

Councilor Barnes: Okay. Thank you.

Mr. Ledwith: You're welcome.

President Slifka: Mr. Barnes. Okay. Mr. Doar?

Councilor Doar: Mr. Mayor. I've just a curious question, Rick. If the defined contribution plan is the better savings over time, and I'm involved with this and other members of the council and I support that assumption then with respect to the defined contribution plan with the nurses and for the new hires, why, remind me why we didn't advocate for a hybrid plan with those employees?

Mr. Ledwith: We started actually with our security guards, and we quite honestly wanted to eliminate the DB plan completely so that we had the ability to hire retired West Hartford Police Officers, so if we went with a hybrid plan with our security officers, we'd be prevented from hiring retired West Hartford Police Officers in our schools, and since we've done this, we've hired, I want to.. I can think of three off the top of my head, and just having someone who's, you know, worked here their entire career, understands West Hartford, our culture, has been in our schools, to have them now in our schools working with kids was a tremendous asset.

Councilor Doar: Thank you very much.

Mr. Ledwith: Sure.

President Slifka: Okay, anybody else? All right. This takes us to the sign-up sheet, and nobody had signed up for this one, and anybody who did not sign up who wishes to speak to the subject matter of this Public Hearing? I'm guessing not. Okay, then we will move to, if there's nothing further from my colleagues, we will close the Public Hearing.

Hearing adjourned at 7:43 p.m.

Essie S. Labrot
Town Clerk/Council Clerk

/jw

